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In the Supreme Court of the United States

OCTOBER TERM, 1960.

No. 290...

JOSEPH B. BRENNAN,
Petitioner,

v.

HAWLEY PRODUCTS COMPANY,
Respondent.

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SEVENTH CIRCUIT.

LUTHER DAY,
1759 Union Commerce Building,
Cleveland 14, Ohio,
CURTIS C. WILLIAMS, JR.,
1759 Union Commerce Building,
Cleveland 14, Ohio,
and
JAMES F. SEITOR,
549 E. 105th Street,
Cleveland 8, Ohio.

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Petitioner prays that a writ of certiorari issue to review the judgment of the United States Court of Appeals for the Seventh Circuit, entered in the above entitled case on June 7, 1950, petition for rehearing therein having been denied on July 11, 1950.

OPINIONS BELOW.

The opinion of the District Court (R. 220-222) is unreported. The opinion of the United States Court of Appeals (R. 363-370) is officially reported in 182 F. 2d 945, and unofficially reported in 86 U. S. P. Q. 127.

JURISDICTION.

The judgment of the United States Court of Appeals in the above entitled case was entered on June 7, 1950 (R. 370); and petition for rehearing therein was denied on July 11, 1950 (R. 371). The jurisdiction of this Court is invoked under 28 U. S. C., Section 1254 (1).

STATEMENT OF THE CASE.

This is an infringement suit brought by petitioner, an individual inventor and patentee of certain radio loudspeaker devices. Apart from a wholly-unsuccessful interference proceeding brought by R. C. A. many years ago against one of these patents, their validity has never heretofore been attacked; and respondent's infringements have continuously been protested. Petitioner has been denied an accounting and injunctive relief solely on the ground of laches. In reaching this conclusion, the Court of Appeals for the Seventh Circuit decided that laches dated from a time of constructive, not actual, knowledge of infringement, held that respondent's plant expansion had resulted in a prejudicial change of position, even though financed out of infringement-tainted profits, and refused to recognize the pressure of vital war-work as an excuse for delay. Upon all three of these points of law the decision of the Seventh Circuit Court of Appeals appears to be at variance with the conclusions reached in other Circuits. With a further observation that the death of two of respondent's witnesses had led to possible loss or obscuration of evidence we respectfully disagree, but do not press the point here since, unlike the other holdings, that conclusion turns solely upon the narrow facts of this case.

QUESTIONS PRESENTED.

1. Whether the defense of laches is available where the patentee had no actual knowledge of the infringement.

2. Whether, in an infringement suit, an infringer's plant expansion financed wholly out of infringement profits supports an equitable defense of prejudicial change of position.

3. Whether an infringer may invoke the defense of laches where, despite repeated notices of the patentee's claim, he neglected to pursue his remedy under the Federal Declaratory Judgment Act.

4. Whether the defense of laches is available to an infringer where the patentee repeatedly asserted his patent rights, sought compromise, and delayed suit only because of the pressure of vital war-work.

5. Whether a patentee is entitled as of right to injunctive relief against future wrongs, in the absence of facts constituting equitable estoppel.

STATUTE INVOLVED.

There are no pertinent statutory provisions involved here.

FACTS OF THE CASE.

Petitioner, as inventor (R. 173; 182; 314), has owned patent rights relating to manufacture of radio loud-speaker devices,—namely, the "spider patent" No. 2090025 issued on August 17. 1937, the "diaphragm patent" No. 1923965 issued on August 22, 1933 and the "method patent" No. 1923966 of same date.* (R. 261; Findings 3, 4 and 6.) After World War II hostilities had ceased, petitioner's trustee gave written notice of infringement respecting the spider patent on June 26, 1946. (R. 245; 262; Finding 15). Long prior thereto, petitioner had originally charged infringement of the diaphragm patent in conversation with respondent's former President during 1934. (R. 262; Finding 11.) Following further oral charges of infringement in 1937, respondent's attorney by letter then denied any violation of both the diaphragm and method patents. (R. 227; 262; Finding 13.) On April 6, 1939, petitioner's attorney sent formal written notice of infringement of the diaphragm and method patents to respondent. (R. 232-233; 262; Finding 14.) The second written notice of in-

* For convenience in presentation, the 1937 patent is referred to simply as the spider patent; and the two others are termed respectively the diaphragm and method patents.

fringement as to these two patents was subsequently given on September 27, 1946. (R. 246-247; 262; Finding 16.) Petitioner brought suit *pro se* on June 6, 1947 charging infringement of the diaphragm patent, with a supplemental complaint as to infringements of the method and spider patents being filed some ten months later. (R. 261; Findings 3 and 4.) The spider patent will expire in 1954, the others now having lapsed.

The first actual knowledge by petitioner as to the infringement of the spider patent was acquired in 1946, there having been no discussion of that matter with respondent's representatives before that time. (R. 87-88; 129-130.) No evidence was offered as to when respondent commenced manufacture of spiders in general, nor as to when it began making spiders claimed to constitute an infringement of petitioner's patent. Constructive notice was based upon the fact of petitioner's having patented the spider, diaphragm and method inventions. (R. 366-367.)

In 1933, petitioner became engaged in an interference proceeding brought by R. C. A. as to the diaphragm patent, which proceeding terminated with award of the decision completely in his favor about two years later. (R. 179; 183; 205.) Between 1934 and 1937, petitioner met respondent's former President frequently and on those occasions reiterated the charge as to infringement of the diaphragm patent. (R. 183.) In 1939, petitioner retained counsel to negotiate a non-exclusive license agreement with respondent. (R. 262; Finding 17; 230; 167-169.) Petitioner's attorney recommended at the time that the prestige of this patent be built up by way of non-exclusive licenses and increased manufacture of diaphragms, so as to meet any argument that it was a mere "paper patent." (R. 168; 178.) In addition to a then-outstanding license with respect to the first two patents (R. 314; Finding 7), petitioner subsequently negotiated new license agreements with

two other companies as to all three of the patents in suit. (R. 89; 90; 130; 178; 181; 182.) During that entire period from 1934 until 1947, petitioner or his counsel held numerous and repeated conferences with respondent's representatives, in the course of which there was continuous defense of diaphragm and method patent rights and insistence upon respondent's infringement. (R. 184-186; R. 168-170; 176; 247.)

In May of 1939, petitioner was plant manager of Romec Pump Company, then engaged in the production of aircraft pumps. A year and a half later he became an executive of Bender Body Company (his duties having to do with parts for the B-26 plane produced by The Glenn L. Martin Company), and in such work supervised production of bomb bays, doors, wing tips and fuselage sections. (R. 173.) In late 1941 or early 1942, petitioner organized and accepted employment with Fibre Form Company, retaining his position there until serious illness during 1946 (R. 261; Finding 8): Fibre Form was engaged in war-work continuously from 1942 to the end of the war, developing and producing critical engine parts. (R. 173; 180; 181.) He was likewise consulted during the war period by other companies as to management-engineering problems. Thus the war effort of this inventor embraced such diverse responsibilities as development of the aircraft fuel pump,—production of the bilge pump used by Army and Navy for transfer of fuels and oils,—bonding of silver bearings for the B-29 engine,—improvement of precision machine tools, special grinding machines and optical instruments,—and manufacture of close and critical Pratt & Whitney special parts. The record indicates that practically all of petitioner's time during the years of hostilities was devoted to supply of vital munitions, and to that alone. (R. 174; 175.)

Nine months after V-J Day, petitioner suffered a serious heart attack which confined him to his bed for the

remainder of 1946. Sometime prior thereto and continuing on during petitioner's illness, title to patents here involved had been placed in the hands of a trustee who handled petitioner's affairs throughout that period. (R. 261; Finding 10.) Within the crowded years in controversy, petitioner had intermittent contacts with attorneys looking to eventual representation in future litigation over these patents (R. 263; Findings 23 and 24); but the fragmentary correspondence interspersed among his war-time activities reached no understanding as to initiation of suit. (R. 179; 190.) While testimony as to possible compromise negotiations between petitioner and respondent's representatives was excluded at the trial,* the record shows respondent was never misled regarding petitioner's insistence upon patent rights and his determination to seek redress failing amicable adjustment of the infringements claimed. (R. 176; 156; 232-233; 228-229; 242; 165.) No contention of equitable estoppel founded upon deceit has been advanced.

In connection with the defense of laches, evidence was offered at the trial that respondent had (since 1934) expanded its business in manufacture of diaphragms and spiders so that floor space so devoted was presently two and one-half times the area originally involved,—and that

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* R. 170:

"*The Court*: I don't understand that offers of compromise are ever admissible against a person.

Mr. Oldham: We are offering these merely to show the intent of the parties at the time. We are not offering them in the sense we are trying to use an offer to settle against them, but trying to show the intent of the parties, what the parties were doing at the time, so that we can justify actions of the plaintiff in endeavoring to settle this matter amicably.

The Court: I think anyone has a right to offer to settle anything any time any place, without its being used against him for any purpose. If you would admit offers of settlement you would never be able to try a lawsuit without prejudicing somebody."

respondent had from time to time made expenditures and investments (since 1937) by purchasing additional land, buildings and equipment. (R. 263; Findings 27 and 28.) Such proof disclosed that expansion of the diaphragm business had occurred prior to the 1937 letter of respondent's attorney (R. 150-152; 251-255),—that the 1937 purchase of the new building primarily pertained to other than diaphragm manufacture (R. 159; 160),—that respondent had never owned the plant within which radio loud-speaker production took place (R. 159),—and that expenditures shown were "expenses absorbed" by respondent. (R. 248.) Respondent never at any time made a long-term capital investment relating significantly to manufacture of the devices in suit. (R. 132-134; 248; 159-160.) With extension of manufacturing facilities resulting wholly from profits reaped by infringement, the District Court held that petitioner's delay was prejudicial. (R. 265; Conclusion F.)

When the case came on for hearing, by order of the District Court the issue of laches was separated for the purpose of trial from all other issues in the litigation,—with the Court retaining jurisdiction of remaining issues for future consideration. (R. 124.) After such separate trial, the Court ruled that petitioner's cause of action was barred by laches. (R. 265; 266.) It was held that petitioner was chargeable with knowledge of the spiders manufactured by respondent (R. 265; Conclusion E), so that actual knowledge of such infringement became immaterial. The Court decided that respondent had taken financial risks and had expanded its business during the period of petitioner's delay in bringing suit; and petitioner's civilian war-work was legally insufficient to constitute an excuse for such delay, in the light of possible obscuration of evidence. (R. 220-221.) Attorney's fees were awarded to respondent. (R. 266; 313.) On appeal to the United States Court of Appeals for Seventh Circuit, the judgment below was affirmed. (R. 370.)

SPECIFICATION OF ERRORS TO BE URGED.

The United States Court of Appeals erred:

1. In holding that the defense of laches is available where the patentee has had no actual knowledge of the infringement.

2. In holding that an infringer's plant expansion financed out of infringement profits supports an equitable defense of prejudicial change of position.

3. In holding that an infringer may invoke the defense of laches where, despite repeated notice of the patentee's claim, the infringer has neglected to pursue its remedy under the Federal Declaratory Judgment Act.

4. In holding that the defense of laches is available to an infringer where the patentee has repeatedly asserted his patent rights, sought compromise and delayed suit only because of the pressure of vital war-work.

5. In deciding (contrary to rulings of this Court) that a patentee is not entitled as of right to injunctive relief against future wrongs, in the absence of facts constituting equitable estoppel.

REASONS FOR GRANTING THE WRIT.

1. CONFLICT WITH DECISIONS OF OTHER COURTS OF APPEALS.

The decision of the Court of Appeals is in conflict with decisions of other Courts of Appeals, as follows:

(a) Knowledge of Infringement.

The Court of Appeals for the Seventh Circuit held that the defense of laches is available where the patentee has had no actual knowledge of the infringement, that ruling being in direct conflict with the decisions of the Second Circuit Court of Appeals in *Nachman Spring-Filled Corp. v. Kay Mfg. Corp.*, 78 F. 2d 653, 657 (CCA 2, 1935) and *Apex Electrical Mfg. Co. v. Landers, Frary & Clark*, 21 F. Supp. 241, 245 (D. C. Conn., 1937); affirmed, *per curiam*, 100 F. 2d 1009 (CCA 2, 1938). In the *Nachman Spring-Filled* case, the Second Circuit Court of Appeals stated:

> "It is said that because the plaintiff did not protest against the defendant's manufacturing the Nachman type casings uninterruptedly since the date of the separation, and because defendant has always inserted springs in their casings by means of filling tools coming under the tool patent, the plaintiff has been estopped. The first protest charging infringement was a letter of March 8, 1934, and the record shows that the plaintiff acted immediately upon knowledge of infringement. Under the circumstances, no claim of estoppel may be sustained."

Similarly, the District Court opinion in the *Apex Electrical* case contained the following holding:

> "There is no inequity whatever which prevents plaintiffs from enforcing their claim of infringement here, because there is no evidence whatever that the plaintiffs or their predecessors holding title to the patent in suit had any knowledge of the infringing acts of the defendant prior to the notice to the defendant on July 17, 1935."

In the present litigation, petitioner answered to respondent's interrogatory that his knowledge as to infringement of the spider patent was acquired in the first part of 1946 (R. 87-88; 129-130), with notice of infringement regarding that patent being given shortly thereafter on June 26, 1946. (R. 245.) Petitioner had never theretofore discussed the spider patent with respondent's representatives nor visited respondent's factory. (R. 335.) It has now been held by the Seventh Circuit Court of Appeals that an inventor is charged with notice of all industrial developments in the field within which the patent is granted.

(b) Expansion from Infringement Profits.

The Court of Appeals for the Seventh Circuit held that the infringer's plant expansion financed out of infringement profits supports an equitable defense of prejudicial change of position, that ruling being directly in conflict with the decision of the Fifth Circuit Court of Appeals in *Shaffer v. Rector Well Equipment Co.*, 155 F. 2d 344, 346-347 (CCA 5, 1946). In the *Shaffer* case, the Fifth Circuit Court of Appeals stated:

> "It does not seem that an infringer, whose business was 'constantly spreading out and growing' out of the infringed manufacture of an article, could acquire a legal right to continue to trespass upon the rights of another merely because the other had attempted to get him to desist by persuasion rather than by resorting to litigation. Moreover, the expansion of a business from the profits reaped by infringement is not a prejudicial change of conditions so as to authorize the defending infringer to invoke the defense of laches against a patent owner who has foreborne to hale him into court, meanwhile attempting to settle his claims amicably. Repeated wilful trespasses confer no right to continue them."

In the present litigation, the record establishes that any conceivable expansion of the infringer's radio division

resulted wholly from profits of infringement. (R. 24-26; 132-134; 158-160; 248-249.) No proof exists as to investment of new capital in the enterprise. The Seventh Circuit Court of Appeals has held mere expenditures from income may render infringement immune from attack.

See *Kester, Accounting Theory and Practice* (3rd Ed., 1930), Vol. I, pages 35-36.

(c) Declaratory Judgment Remedy.

The Court of Appeals for the Seventh Circuit held that an infringer may invoke the defense of laches where, despite repeated notice of the patentee's claim, the infringer has neglected to pursue its remedy under the Federal Declaratory Judgment Act, that ruling being in conflict with the decision of the Second Court of Appeals in *Clair v. Kastar, Inc.*, 148 F. 2d 644, 646 (CCA 2, 1945). In the *Clair* case, the Second Circuit Court of Appeals stated:

> "While a patentee is getting his patent sustained he is not bound to assert his claims to their fullest scope by suing every conceivable infringer. There is today some reciprocity of duty in this regard; if a manufacturer fears that he will be charged to infringe, he can always inquire of the patentee, and if the answer is unsatisfactory, he can bring an action for a declaratory judgment. The time has now passed when a patentee may sit by and refuse to show his hand. The defendant's putative uncertainties seem to us to have been of its own making."

The background for this conclusion of the Second Circuit Court of Appeals has been explained in *Borchard, Declaratory Judgments* (2nd Ed., 1941), 803-804:

> "As the law stood prior to 1934, when the Federal Declaratory Judgments Act was passed, the patentee was the only one in a position to initiate a suit, usually an action for damages and an accounting, with or without an injunction, against the alleged infringer or his dealers. * * *

> "* * * Instead * * * he now, by making threats and charges, exposes himself to an action at the hands of the alleged infringer for a declaratory judgment that the defendant's patent is invalid or, if valid, that the plaintiff is not infringing. By making charges, the patentee submits to an adjudication at the option of the alleged infringer."

See also *Salem Engineering Co. v. National Supply Co.*, 75 F. Supp. 993, 1000 (D. C., W. D. Pa., 1948).

In the present litigation, the Seventh Circuit Court of Appeals wholly rejected any such contention as indicated in the *Clair* case, concluding there was "no burden on anybody to pursue the remedy" of declaratory judgment.*

(d) War-Time Delay.

The Court of Appeals for the Seventh Circuit held that the defense of laches is available to an infringer where the patentee has repeatedly asserted his patent rights, sought compromise, and delayed suit only because of the pressure of vital war-work, that ruling being directly in conflict with decisions of the Sixth Circuit Court of Appeals in *Alliance Securities Co. v. DeVilbiss Mfg. Co.*, 41 F. 2d 668, 669-670 (CCA 6, 1930), and *Mills Novelty Co. v. Monarch Tool & Mfg. Co.*, 49 F. 2d 28, 29-30 (CCA 6, 1931). In the *Alliance Securities* case, the Sixth Circuit Court of Appeals stated:

> "It has been frequently held that the unusual years during and immediately after the great war constitute a period in which all reasonable postponement and suspension of litigation was a public duty."

Similarly in the *Mills Novelty* case, the same Court of Appeals stated:

> "Notice of infringement was given in 1916, promptly upon issue, and during the next four years the infringement continued and no action was taken. There is

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* Judge Learned Hand wrote for the Court in *Clair v. Kastar, Inc.* Judges Augustus N. Hand and Clark concurred.

> sufficient evidence that during most of this period the owners of the patents were financially unable to undertake the burden of patent litigation. Much of the period was also during the war, when such litigation was rightly discouraged. The patentees had given their notice, they had not withdrawn it, and during that period, the defendants continued their infringement at their peril."

There have likewise been District Court decisions to precisely the same effect. In *Harries v. Air King Products Co.*, 87 F. Supp. 572, 588-589 (D. C., E. D. N. Y., 1949), Judge Galston stated:

> "But the plaintiffs' failure to act in the period of time designated must be interpreted in the light of world events during that time. Harries was living in England during the period of World War II actively engaged in war effort. I am in whole hearted agreement with *Alliance Securities Co. v. DeVilbiss*, 6 Cir., 41 F. 2d 668, at pages 669-670,"—(quoting the reasoning set forth above).

In *Greyhound Corp. v. Rothman*, 84 F. Supp. 233, 240-241 (D. C. Md., 1949), the District Court also held that wartime activities constituted sufficient excuse for failure to sue during the period of hostilities.*

In the present litigation, petitioner testified (R. 179):

> "I was busy on war work and that was primarily the reason. I just didn't have the time to get into the thing, and it looked as if we would have to have quite a few witnesses, and to drag them out of their work at this time was almost impossible, I would say." (See also R. 190.)

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* Excusability of war delay as respects claimed laches was before the trial Court in *Davis Co. v. Baker-Cammack Hosiery Mills*, 86 F. Supp. 180, 186 (D. C., M. D. N. C., 1949); affirmed, 181 F. 2d 550, 568 (C. A. 4, 1950); cert. pending.

2. CONFLICT WITH APPLICABLE DECISIONS OF THIS COURT.

The decision of the Court of Appeals is in probable conflict with applicable decisions of this Court such as *McLean v. Fleming,* 96 U. S. 245, 251 (1877) and *Menendez v. Holt,* 128 U. S. 514, 523-524 (1888). These authorities have settled the rule that even though one may delay over a long period actual institution of litigation, as a matter of right that party is entitled to injunctive relief against future wrongs in the absence of facts constituting an equitable estoppel. In *McLean v. Fleming,* this Court stated (96 U. S. 251):

> "Unreasonable delay in bringing a suit is always a serious objection to relief in equity; but cases arise in litigations of the kind before the court where the complainant may be entitled to an injunction to restrain the future use of a trade-mark, even when it becomes the duty of the court to deny the prayer of the bill of complaint for an account of past gains and profits."

So also in *Menendez v. Holt,* this Court stated (128 U. S. 514, 523-524):

> "Counsel in conclusion earnestly contends that whatever rights appellees may have had were lost by *laches,* and the desire is intimated that we should reconsider *McLean v. Fleming,* 96 U. S. 245, so far as it was therein stated that even though a complainant were guilty of such delay in seeking relief upon infringement as to preclude him from obtaining an account of gains and profits, yet, if he were otherwise so entitled, an injunction against future infringement might properly be awarded * * *
>
> "But there is nothing here in the nature of an estoppel, nothing which renders it inequitable to arrest at this stage any further invasion of complainants' rights * * * Delay in bringing suit there was, and such delay as to preclude recovery of damages for prior infringement; but there was neither conduct nor negligence which could be held to destroy the right to prevention of further injury."

See *Pomeroy, Equitable Remedies* (2nd Ed. 1919), Section 1445, page 3432.*

Obviously the question presented here is of importance in the enforcement of patent and trade-mark rights. The Court of Appeals has denied petitioner injunctive relief for protection of his patents, even though there has been constant determination to seek proper redress in the absence of amicable adjustment respecting infringements claimed. No element of equitable estoppel is present on the facts here nor has respondent ever in any way been misled as to petitioner's future course. Disposition of these issues is definitely in the public interest, for the protection of inventors will be served by clarification of the equitable doctrine of laches. If it is to become necessary for one who holds a patent to start litigation at once, even without excusable delay, such a principle of judicial administration ought to be passed upon by this Court.

CONCLUSION.

For the foregoing reasons, this petition for a writ of certiorari should be granted.

Respectfully submitted,

LUTHER DAY,
CURTIS C. WILLIAMS, JR.,
JAMES F. SEXTON.

September 5, 1950.

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* Applying the above decisions of this Court, Judge Sanborn stated in *Ide v. Trorlicht, Dunckler & Renard Carpet Co.*, 115 Fed. 137, 148 (C. C. A. 8, 1902):

> "But delay, unaccompanied by such deceitful acts or silence of the patentee, and by such facts and circumstances as practically amount to an equitable estoppel, will warrant no such action. It is no answer to an application for an injunction to restrain a defendant from committing waste by cutting trees upon the owner's land that, because the latter has taken no steps to prevent the wrongdoer from cutting one half of the trees, he has thereby acquired a right to cut the other half. Attorney General v. Eastlake, 11 Hare, 205, 228."

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BRIEF OF RESPONDENT IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI.

RICHARD L. JOHNSTON,
LLOYD C. ROOT,
135 S. La Salle St.,
Chicago 3, Illinois,
Attorneys for Respondent.

THE BUNTHORP-WARREN PRINTING COMPANY, 810 WEST JACKSON, CHICAGO

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BRIEF OF RESPONDENT IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI.

To the Honorable, the Chief Justice of the United States and the Associate Justices of the Supreme Court of the United States:

The Petition for a Writ of Certiorari should be denied because:

(a) The case involves only a question of laches which has been decided in accordance with the facts peculiar to this case; (b) It does not involve any of the important and special reasons for granting a Writ of Certiorari as provided by the Rules of the Supreme Court of the United States (Rule 38, par. 5); (c) The case involves concurrent findings of fact by two courts below and should not be reviewed, as held in *Graver Tank & Mfg. Co., Inc.* v. *Linde Air Products Co.*, 69 S. Ct. 535.

STATEMENT OF THE CASE.

Respondent's answers to Petitioner's original and supplemental complaints charging infringement of the three patents involved herein, denied infringement of any valid claims in these patents (R. 4, 5, 64). By way of an affirmative defense Petitioner was charged with laches because of his unreasonable and inexcusable delay in bringing suit on these patents (R. 9, 63, 64). The issue of laches was separated for purposes of trial. The Court of Appeals for the Seventh Circuit affirmed the finding of the trial court that Petitioner charged Respondent with infringement of the diaphragm patent orally in 1934 and of the method patent orally in 1937. Contrary to Petitioner's statement on page 2 of his Petition this clearly indicates actual rather than constructive knowledge by Petitioner of Respondent's activities on which the court based its holding of laches. Petitioner is likewise in error in complaining that the Court of Appeals for the Seventh Circuit based its holding of laches with respect to the spider patent on constructive rather than actual knowledge. For many years Petitioner had been an employee of the Magnavox Company, was friendly with Respondent's president, was an organizer and an official of Fiber Form Company (R. 180) and otherwise was familiar with articles and methods in the field of molded fiber products relating to radio. In fact Petitioner himself, through his company, actually made loudspeaker diaphragms of molded fiber from 1934 to 1948 (R. 14, 16). At the trial, Petitioner never denied having knowledge of spiders and their construction made by Respondent. The unavoidable presumption must be, therefore, that Petitioner had actual knowledge of Respondent's spiders. This strong presumption of *actual*

knowledge formed the basis for the finding of laches by the Court of Appeals for the Seventh Circuit.

Respondent's plant expansion was the result of increased sales of diaphragms and spiders, and Petitioner's complaint that this expansion was financed out of "infringement-tainted profits" is clearly in error in the absence of any proof that these articles infringed any valid claims of Petitioner's patents.

The Court of Appeals did *not* refuse to recognize Petitioner's war activities but rather recognized that Petitioner was not under such pressure during the war years as to prevent him from spending considerable time in contacting lawyers in an attempt to have suit brought against Respondent on a contingent fee basis.[1]

The decision of the Court of Appeals on these points of law is *not* at variance with conclusions reached in other circuits *where similar sets of facts have been involved.* The Court of Appeals affirmed the trial court, which had an opportunity to hear the evidence and judge the credibility of the witnesses.

That the death of two of Respondent's witnesses obviously led to the loss or obscuration of evidence cannot be seriously doubted. While that may constitute a narrow fact of this case, it is, nevertheless, an important one when it is considered that *Petitioner's delay has made it impossible for Respondent to prove adequately some of its defenses.*

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1. (R. 263)
"(25) The fact that plaintiff was endeavoring to obtain the services of an attorney during the war period to bring suit against defendant on a contingent basis, establishes that plaintiff's civilian activities during the war period would not have interfered with the bringing of this suit during that time."
(Finding of fact by trial court.)

THE QUESTION PRESENTED.

Since Petitioner knew of Respondent's activities with respect to the diaphragm patent No. 1,923,965 and the method patent No. 1,923,966, both issued August 22, 1933, and is presumed to have known of Respondent's activities with respect to the spider patent No. 2,090,025 issued August 17, 1937 many years before the original complaint in this case was filed, there is really only one question to be decided. This question is:

> Is a person guilty of such laches as to bar recovery by way of damages and injunction where he has unreasonably delayed in litigating his claim for periods of from 11 to 14 years; where he has offered no legally sufficient excuse for the delay and where, by such delay, he has rendered it virtually impossible for a defendant to prove adequately some of its defenses due to the loss or obscuration of evidence and the death of witnesses?

CONCISE STATEMENT OF FACTS.

The now deceased former president of Respondent corporation, Jesse Hawley, started in the business of molded fiber products at least as long ago as 1925, at which time the products made were reproducing horns for radios (R. 148). The so-called magnetic speaker became popular in 1926 and the dynamic speaker had its advent in early 1928 (R. 149). Jesse Hawley continued in the manufacture of molded fibrous products making molded cone diaphragms for the magnetic and dynamic speakers and the present corporate respondent was formed in about November of 1931 (R. 148).

Petitioner's "diaphragm" and "method" patents issued on August 22, 1933 and it was during that same year that Petitioner met Jesse Hawley at the Magnavox Company where Petitioner was employed at that time (R. 182). Some time during 1934 Petitioner first charged Respondent with infringement of the diaphragm patent by making the charge orally to Respondent's president (R. 12, 16, 183). From 1934 to 1937 at casual meetings between Petitioner and Jesse Hawley, Respondent's then president, the diaphragm patent and probably the method patent were discussed. At the trial Petitioner, in referring to the method patent, stated that he never discussed this patent very *much* with Jesse Hawley.[2]

Petitioner refused to admit or deny that he discussed

2. (R. 184)
"A. I never discussed with Jesse, that I remember, much about the other patent or any of the other patents. I thought that this article patent was so obvious, that if you couldn't agree on that there wasn't much use talking about anything else."

the method patent with Respondent's then president.[3] There is an overwhelming presumption that Petitioner charged Respondent with infringement of both the diaphragm and method patents in 1937 because of the denial by Respondent's attorney by letter on June 11, 1937 of infringement of both patents, and the charge that both patents were invalid because of prior public use more than two years before the filing dates of the respective patents (R. 227). There would otherwise have been no reason for the denial of infringement of the method patent if Respondent had not been charged to infringe that patent. In fact the witness Mason who wrote that letter stated that he did so because Petitioner "had charged infringement of these patents" (R. 163).

Written notice of infringement of both the diaphragm and the method patents was sent to Respondent on April 6, 1939 (R. 232-233). A letter relating to the diaphragm and method patents was sent to Respondent's attorneys on September 27, 1946 by the trustee of those patents inquiring as to the possibility of settling the earlier charge of infringement before the institution of an infringement suit (R. 246-247).

Petitioner testified that he had numerous conferences with Respondent's president from 1934 until 1945, but he could not remember when, or where, or how often, these conferences took place (R. 183-185). At these conferences "the patents in suit" were discussed (R. 176). Since the "spider" patent of 1937 is one of "the patents in suit" it must have been discussed during those years.

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3. (R. 184)
"Q. Then do you say you never did discuss the method patent?
"A. I wouldn't say I did or not. To remember specifically when I might have discussed it, I couldn't do that, if we ever did. But I did discuss this article patent, and they were both issued on the same day, and—"

The "spider" patent issued August 17, 1937 and licenses were granted on all three patents in 1938 and 1939 (R. 14, 16, 89, 90, 130). The licenses were granted to two companies, one of which (Fiber Form Corporation) was organized by Petitioner (R. 180). While the Magnavox Company was a licensee under the diaphragm and method patents, it paid no royalties (R. 182). The first *written* notice to Respondent of infringement of the "spider" patent was by a letter dated June 28, 1946 (R. 245).

The only discussions which Petitioner ever had with any of Respondent's representatives relating to the patents in suit were with Jesse Hawley, then President of Respondent company, and Wallace Lane, then attorney for Respondent (R. 12, 16, 86, 129). Hawley died in March, 1946 (R. 148). Lane died in May, 1946 (R. 26).

At the trial Petitioner was prohibited from testifying as to the subject matter of these discussions because an Illinois State Statute bars a party to a suit from testifying as to conversations had with deceased persons.[4] It was for this reason that objection was made to Petitioner's testimony relative to his discussions with Hawley and Lane. The trial court excluded such testimony on the ground that it related to a possible compromise between the parties, as stated by Petitioner on page 6 of his Petition.

The documentary evidence in the record contains only self-serving statements on behalf of Petitioner, and nothing to indicate that Respondent ever intended to take a license under any of the patents in suit. Respondent has always maintained that there were never any negotiations between the parties looking toward settlement. Respondent's vice-president would have known of any intention to settle on the part of Respondent, but he stated that the officials

4. Illinois Statutes, Chapter 51, Section 4.

of Respondent company never even discussed it (R. 153). The trial court could not find anything in the evidence to indicate any "possibility or probability of settlement being reached". The only thing the trial court could find were "denials of infringement and of validity of the patent" (R. 207). Furthermore, Petitioner knew as early as 1939 that his claim against Respondent could never be settled amicably (R. 191, 231).

During the years 1934 to 1947, Petitioner contacted several attorneys for the purpose of suing Respondent for infringement of the patents in suit. The first contact was made in 1934 or 1935 (R. 188), but no suit was brought. Petitioner discussed the matter with other attorneys from 1935 to 1939 (R. 189). In 1939 he contacted another attorney by the name of Clayton who took some forty-seven actions in 1939 and 1940 on Petitioner's behalf relating to the *patents in suit* (R. 171), and was authorized to bring suit (R. 235), but such suit was never filed. Again in 1941 Petitioner requested a New York attorney to file suit against Respondent for infringement of these patents (R. 239-241), which was not done. The end of 1943 found Petitioner again spending time in gathering information for a Chicago attorney to sue Respondent (R. 241). This continued during 1944 and 1945 (R. 242, 243), when Petitioner's trustee took over and sent Respondent a notice of infringement in 1946 (R. 245).

Petitioner was no novice in the patent field and was not ignorant on the subject of patent law because he owned about seventy-five patents and had fifty others pending (R. 211). The letter dated June 11, 1937, which Respondent's attorney wrote to Petitioner denying validity and infringement (R. 227) was an absolute notice to sue (R. 211).

The evidence shows that Petitioner had been at Respon-

dent's plant in the office and *had never been denied permission to go into the factory* (R. 335).

Respondent had expanded its business in the manufacture of diaphragms and spiders since 1934, and in 1937 Respondent purchased additional land, buildings and equipment. Contrary to Petitioner's statement on page 7 of his petition, the prime reason for the purchase by Respondent of additional land and buildings in 1937 was to take care of the expanding diaphragm and spider business. While the majority of the space in the building purchased by Respondent in 1937, is used for the manufacture of hats and specialties (R. 160), it is, nevertheless, true that the expansion of the diaghragm and spider business made it necessary to use all of Plant 1 for this purpose and part of Plant 2, so that the expansion of the diaphragm and spider business forced the hat and specialty division out of Plant 1 and into Plant 2 (R. 152).

The trial court heard the witnesses and had the opportunity to judge their credibility. The trial court's findings of fact relative to the financial risks, and expansion of Respondent's business, which occurred during the inexcusably long delay of Petitioner in bringing suit, resulted in a holding that Petitioner was guilty of such laches as to bar damages and an injunction. With respect to the spider patent, the trial court held that Petitioner was chargeable with knowledge of the spiders manufactured by Respondent because of his close association in and his familiarity with patents and the field of molded fiber products relating to radios and loudspeakers. The Court of Appeals for the Seventh Circuit affirmed the judgment of the trial court on all points involved (R. 370).

REASONS FOR DENYING THE WRIT.

1. NO CONFLICT WITH DECISIONS OF OTHER COURTS OF APPEALS.

Petitioner, beginning on page 9 of its petition and argument, has attempted to prove that the decision of the Court of Appeals in this case is in conflict with decisions of Courts of Appeals in other Circuits. Respondent denies that there is any such conflict even in other cases where laches has not been found to exist, because whether or not laches is present depends upon the facts of the particular case. Only broad principles relating to the equitable defense of laches can be gleaned from other decisions. In the final analysis each case must be decided on its own set of facts. In this case the Findings of Fact, which led to the conclusion of the trial court that Petitioner was guilty of laches, were fully affirmed by the Court of Appeals.

(a) Knowledge of Infringement.

Petitioner, on page 9 of his brief, has misstated the holding of the Court of Appeals as to when the defense of laches is available. The Court of Appeals did not disregard any actual knowledge of infringement and hold laches available as a defense even where there was no actual knowledge of the infringement. The Court did hold, however, that where the circumstances are such that a plaintiff *should have known* of the alleged infringement by the exercise of due diligence, then he should not be heard to say that he did not know. The Court of Appeals held, and the record shows as set out in the foregoing Statement of Facts, that Petitioner was concerned with whether or not Respondent was infringing his diaphragm and

method patents during the period from 1934 to 1937. All three of the patents in suit, including the spider patent, concerned a subject matter similar in nature. The court held that Petitioner must have been examining Respondent's products to determine infringement, and since he had knowledge of what was taking place in the radio industry, having been employed by Magnavox company, and being in the business himself, "he knew or should have known of the construction of spiders manufactured by the defendant company" (R. 367). There was no proof offered at the trial that Petitioner actually did not know the construction of Respondent's spiders prior to 1946, nor was any evidence offered to show why Petitioner did not know if it was a fact that he did not.

With clear understanding as to what the Court of Appeals for the Seventh Circuit held in the case at bar, it is evident that there is no conflict on this point with the decisions of the Court of Appeals for the Second Circuit in *Nachman Spring-Filled Corp.* v. *Kay Mfg. Corp.*, 78 F. 2d 653, or *Apex Electrical Mfg. Co.* v. *Landers, Frary & Clark*, 21 F. Supp. 241; affirmed *per curiam*, 100 F. 2d 1009.

In the *Nachman Spring-Filled* case there was no question raised as to whether or not the plaintiff there *should have* had knowledge of the infringement before the date on which actual knowledge was acquired. This point of law involving knowledge of infringement was not even raised in the *Nachman* case. The court there merely held that the plaintiff did act immediately upon acquiring knowledge of infringement. The argument that a decision of one court on a point of law is in conflict with a decision of another court where that point of law was not raised is absurd.

The same is true with respect to the *Apex Electrical* case which Petitioner has stated is in conflict with the

Court of Appeals' decision in the present case. Petitioner has quoted from the decision in the *Apex* case on page 9 of his brief only that portion which holds that laches cannot be invoked as a defense because there was no evidence that the plaintiff there had any knowledge of the defendant's infringing acts prior to the notice which immediately preceded the filing of the complaint.

As a matter of fact, the court in the *Apex* case is in complete agreement with Respondent's position where it stated (21 F. Supp. 241, 245):

> "* * * Defendant claims that failure to assert infringement against it from 1922 to 1935 is sufficient to constitute gross laches, particularly in view of the fact that defendant was advertising and marketing the machine complained of during that period. *Ordinarily, such a claim is sound, but to give full expression to the rule it is important to consider the facts quite fully,* because if certain facts appear to have been established they may vary the application of the bald rule quite substantially." (Emphasis added.)

The Court of Appeals for the Seventh Circuit considered the facts quite fully in the present case and decided that, because of the knowledge and activities of Petitioner, he either knew or should have known of Respondent's activities and was therefore chargeable with knowledge. The facts in the *Apex* case which led to the Court's conclusion that the plaintiff there was not chargeable with such knowledge were different from those here. There is, therefore, no conflict as between the Court of Appeals' decision in this case and the decision in the *Apex* case because the facts were different.

The fact that Petitioner had never visited Respondent's factory, as stated on page 10 of Petitioner's brief, must be considered with the further fact that he was *never denied permission to enter the factory* (R. 335), so that the inevitable conclusion is that he could have visited the fac-

tory if he had so desired. Petitioner's statement on page 10 of his Petition that the Court of Appeals for the Seventh Circuit has held that an inventor is charged with notice of all industrial developments in the field within which the patent is granted, is in error. On the contrary, the Court of Appeals held that an inventor is charged with such notice only if he is fully familiar with patent law and is active in the field to which the patent relates.

Furthermore, the decision of the Court of Appeals for the Seventh Circuit is in full agreement with *Window Glass Mach. Co. et al.* v. *Pittsburgh Plate Glass Co.*, 46 F. 2d 484 (Aff. 284 F. 645, C. C. A. 3, 1922. Cert. Den. 43 S. Ct. 518) which followed this Court's pronouncement in earlier cases relative to a plaintiff's knowledge when laches has been set up as a defense. In this *Window Glass* case the court stated (p. 489):

> "When want of knowledge is set up as a defense to laches, the plaintiff is chargeable with such knowledge as inquiry and reasonable diligence would have furnished."

Not only is the decision of the Court of Appeals *not* in conflict with decisions by other Courts of Appeals, but it is in complete agreement with holdings in other cases in this court. For example, in *Foster* v. *Mansfield C. & L. M. R. Co.*, 13 S. Ct. 28, which was followed by the court in the *Window Glass* case, this court stated:

> "The defense of want of knowledge on the part of one charged with laches is one easily made, easy to prove by his own oath, and hard to disprove; and hence the tendency of courts in recent years has been to hold the plaintiff to a rigid compliance with the law which demands, not only that he should have been ignorant of the fraud, but that he should have used reasonable diligence to have informed himself of all the facts."

The foregoing case was followed by the Supreme Court

in *Johnston* v. *Standard Mining Co.*, 13 S. Ct. 585, where the Court said:

> "While there is no direct or positive testimony that plaintiff had knowledge of what was taking place with respect to the title or development of the property, the circumstances were such as to put him upon inquiry; and the law is well settled that, where the question of laches is in issue, *the plaintiff is chargeable with such knowledge as he might have obtained upon inquiry,* provided the facts already known by him were such as to put upon a man of ordinary intelligence the duty of inquiry." (Emphasis added.)

The facts in the present case, as found by the trial court and the Court of Appeals, which led to the conclusion of both courts that Petitioner was chargeable with knowledge of Respondent's spider construction, are squarely in point with these decisions of this court. It is easy for the Petitioner to deny knowledge, and the absence of such knowledge is hard to disprove. Petitioner's position and activity in the field indicates that he should have used reasonable diligence to have informed himself of all the facts. If he had done this he would have been provided with facts giving him actual knowledge.

(b) Expansion of Respondent's Business.

As stated by the trial court in the present case, the ingenuity of counsel can always find authorities to sustain what is right, and sometimes they can find authorities to sustain what is wrong (R. 221). This appears to be what Petitioner has accomplished in relying upon *Shaffer* v. *Rector Well Equipment Co.*, 155 F. 2d 344, as a decision of the Court of Appeals for the Fifth Circuit in apparent conflict with this decision by the Court of Appeals for the Seventh Circuit. Conflict of decisions relative to the application of the law does not ordinarily occur unless the

facts are the same in both cases. Whether or not the decision of the Court of Appeals for the Seventh Circuit is in conflict with the Court of Appeals for the Fifth Circuit relative to the expansion of Respondent's business as a support for the equitable defense of laches, it is clear that this holding of the Court of Appeals for the Fifth Circuit is contrary to the weight of authority on this point. The Seventh Circuit and the Third Circuit are in complete agreement.

Petitioner complains that the Court of Appeals here held that Respondent's plant expansion was financed out of infringement profits, and that this fact should support a defense of prejudicial change of position is contrary to the law as applied in the Fifth Circuit. One of the elements of laches is a prejudicial change of position by the alleged infringer. When a party accused of infringement denies that he is infringing, has a sufficient basis for that denial, and continues the expansion of his business in the manufacture and sale of the alleged infringing article, the Fifth Circuit says that the expansion has been financed out of infringement profits and therefore does not constitute a prejudicial change of conditions.

The Seventh and Third Circuits, however, view this same set of facts in a more equitable light and hold that the alleged infringer thus takes the risk of building up the business, and a patentee should not be permitted to stand idly by while this is being done, and then if it proves profitable, take the profits and thus prevent the business thus developed from being carried on.

The Court of Appeals for the Seventh Circuit has thus prevented patentees from taking profits without taking risks in *Wheatley* v. *Rex-Hyde, Inc.*, 102 F. 2d 940 affirming the decision of the lower court at 25 F. Supp. 543, and in *Rome Grader & Machinery Corporation* v. *J. D. Adams Mfg. Co.*, 135 F. 2d 617.

The Court of Appeals for the Third Circuit held the same way in *Westco-Chippewa Pump Co.* v. *Delaware Electric & Supply Co., et al.*, 64 F. 2d 185.

Thus the decision of the Court of Appeals for the Seventh Circuit in the present case is *not* in conflict with the weight of authority on this point of law.

(c) Declaratory Judgment Remedy.

Petitioner complains, beginning on page 11 of his Petition, that the Court of Appeals for the Seventh Circuit permitted Respondent to invoke the defense of laches even though Respondent did not pursue its remedy under the Federal Declaratory Judgment Act, and that such holding was in conflict with the decision of the Court of Appeals for the Second Circuit in *Clair* v. *Kastar, Inc.*, 148 F. 2d 644. On the contrary, all that the *Clair* case appears to hold is that a patentee is not bound to sue all infringers of his patent. This follows well settled law that a patentee already involved in litigation with other parties is not required by law to sue all persons, nor is he required to bring suit on all of his patents.

There is some *dictum* in the *Clair* case that if a manufacturer fears that he will be charged to infringe and if, upon inquiry of the patentee, the answer is unsatisfactory, he can bring an action for a declaratory judgment. There is no dispute about this nor about the provisions of the Declaratory Judgment Act. In any case where there is a justiciable controversy and the claimant refuses to bring suit, the party against whom the claim is made *has the right* to bring the claimant into court and have the claim adjudicated. The *Clair* case holds this and nothing more.

The *Clair* case does not apply here because Petitioner has never at any time brought any suits on any of his patents prior to the present suit (R. 13, 16, 89, 130, 217).

The facts in the present case are therefore different from those in the *Clair* case.

Petitioner has been unable to find any authority for the proposition that Respondent was *under a burden* to sue Petitioner under the Declaratory Judgment Act. To place such a burden on one against whom a claim has been made would clearly violate the spirit and intention of the Declaratory Judgment Act. The Act is remedial in nature and confers upon an alleged infringer *a right* which he did not have prior to 1934. It does not confer any *burden* on an alleged infringer. To place such a burden on any one would *render the defense of laches non-existent.*

Petitioner also relies upon *Salem Engineering Co.* v. *National Supply Co.*, 75 F. Supp. 993. This case appears to be authority for the same proposition set out in the *Clair* case, holding that a patentee is not bound to sue all infringers of his patent.

In the present litigation the Court of Appeals for the Seventh Circuit held that there was no burden on any one to pursue the remedy of Declaratory Judgment, and Petitioner has cited no cases holding that there was such a burden. There is, therefore, no conflict between this holding of the Court of Appeals and any decisions of Courts of Appeals in other circuits.

(d) The War Period.

Petitioner, on page 12 of his Petition, asserts that the Court of Appeals for the Seventh Circuit held the defense of laches to be available to an infringer where the patentee repeatedly asserted his patent rights and delayed suit only because of the pressure of vital war work during the war period. This is a misstatement of the decision handed down by the Court of Appeals. On the contrary, the Court of Appeals for the Seventh Circuit held that

the facts in this case made Petitioner guilty of laches *even before the war period,* and, in any event, Petitioner spent considerable time even during the war period in contacting lawyers in an attempt to commence litigation against Respondent. Because of Petitioner's war time activities in pursuing his claim with other attorneys, the Court of Appeals concluded that his delay was not due to his war work.[5]

Petitioner relies upon such cases as *Alliance Securities Co.* v. *DeVilbiss Mfg. Co.,* 41 F. 2d 668, *Mills Novelty Co.* v. *Monarch Tool & Mfg. Co.,* 49 F. 2d 28, *Harries* v. *Air King Products Co.,* 87 F. Supp. 572, and *Greyhound Corp.* v. *Rothman,* 84 F. Supp., 233, in support of his contention that a plaintiff's war work is a legally sufficient excuse for a delay in bringing suit.

It does not appear in any of those cases that the plaintiff was trying at all times during the war period to interest counsel in bringing suit. It appears that the war work of the plaintiffs in those cases prevented them from litigating their claim. The courts in those cases, therefore, had an entirely different set of facts before them than did the Court of Appeals in the present case. Before it can be said that there is a conflict of decisions as between Courts of Appeals in different circuits, there must be the same or at least analogous facts in the cases. The documentary evidence in the present litigation was considered by the trial court and the Court of Appeals for the Seventh Circuit in reaching the conclusion that Petitioner's war work did not deter him in any way from attempting to interest counsel in suing Respondent. Under the facts in this case, Petitioner's war work was considered to be legally insufficient as an excuse for his delay. These facts are different from those in cases relied upon by the Petitioner, therefore,

5. As to Petitioner's activities during the war period see page 8 of this brief.

regardless of the holdings in those cases, there does not appear to be any conflict on this point of law.

2. NO CONFLICT WITH APPLICABLE DECISIONS OF THIS COURT.

The only point which Petitioner has raised relative to an alleged conflict of the decision of the Court of Appeals with applicable decisions of this court relates to the granting of injunctive relief even though the long delay may constitute laches. In this case the Court of Appeals affirmed the trial court in denying both damages and an injunction. In urging that Petitioner is entitled to at least an injunction, he relies upon the decisions of this court in *McLean* v. *Fleming,* 96 U. S. 245, and *Menendez* v. *Holt,* 9 S. Ct. 143.

Here again there is no comparison between the facts of this case and the facts of the above cases relied upon by Petitioner. The present case involves patents wherein each has a life span of seventeen years. The *McLean* case and the *Menendez* case each involves trade-marks which may be renewed every twenty years, and thus have an unending life, except at the will of the trade-mark owner.

A trade-mark owner is thus not required to exercise as great a degree of diligence.

The period of twenty years delay involved in the *McLean* case would have been a complete bar to damages and an injunction if it had related to patents because by that time the patent would have expired.

The fourteen year delay in bringing suit in the *Menendez* case would have been very close to the expiration of a patent if a patent had been involved instead of a trade-mark.

There is clearly that important difference between patents and trade-marks, whereby a given period of delay

in a trade-mark case would result in an injunction but in the denial of damages; but the same or shorter period of time in a patent suit would result in a denial of both damages and an injunction.

When the facts of the present case are compared to those involved in the cases upon which Petitioner relies, it is evident that there is no conflict as between those decisions and the decision in this case of the Court of Appeals for the Seventh Circuit.

3. CONCURRENT FINDINGS OF FACT BY TWO COURTS ARE ORDINARILY NOT REVIEWED.

The Court of Appeals for the Seventh Circuit based its decision upon findings of fact which were, in turn, based upon the evidence produced before the trial court. Findings of Fact will not be set aside unless clearly erroneous, as set forth in Rule 52(a) of the Federal Rules of Civil Procedure, and as mentioned in the Supreme Court case of *Graver Tank & Mfg. Co., Inc. v. Linde Air Products Co.* decided February 28, 1949, 69 S. Ct. 535. In that case the Supreme Court applied this rule and stated:

> "A Court of law, such as this Court is, rather than a Court for correction of errors in fact finding, cannot undertake to review concurrent findings of fact by two courts below in the absence of a very obvious and exceptional showing of error".

In the present case the trial court had the opportunity to judge the credibility of the witnesses. The Court of Appeals made the necessary allowances for the advantages possessed by the trial court in appraising the testimony, and there has been no very obvious and exceptional showing of error.

CONCLUSION.

Laches is a conclusion of law to be applied in the light of the facts peculiar to the case before the court. In this case the fact findings and conclusions applied thereto by the trial court were completely affirmed by the Court of Appeals for the Seventh Circuit.

The decision of the Court of Appeals for the Seventh Circuit is not in conflict with other decisions of Courts of Appeals in other circuits because the facts in those other cases relied upon by Petitioner were different from the facts in this case.

Petitioner has not cited any other decisions of Courts of Appeals of other circuits where the facts are the same as or analogous to the facts here and where the decision has been different.

The decision of the Court of Appeals in this case is in agreement with decisions of the Supreme Court where the facts were comparable to the facts here.

There is no conflict as between the decision of the Court of Appeals for the Seventh Circuit and the decisions of this court because the facts in the Supreme Court cases relied upon by Petitioner were different from the facts in this case.

This court will not consider cases which are not in conflict with decisions in other circuits and, particularly, where there has been concurrent findings of fact by two courts below, and no obvious and exceptional error has been shown.

There are no special or important reasons and, therefore. no basis, for the granting of a Writ of Certiorari to

the Court of Appeals for the Seventh Circuit. Petitioner's request, therefore, should be denied.

Respectfully submitted,

RICHARD L. JOHNSTON,
LLOYD C. ROOT,
135 S. La Salle St.,
Chicago 3, Illinois,
Attorneys for Respondent.

Dated: October 5, 1950.

FILED
OCT 16 1950
CHARLES ELMORE CRO

In the Supreme Court of the United States

OCTOBER TERM, 1950.

No. 290

JOSEPH B. BRENNAN,
Petitioner,

v.

HAWLEY PRODUCTS COMPANY,
Respondent.

REPLY BRIEF OF PETITIONER.

LUTHER DAY,
1759 Union Commerce Building,
Cleveland 14, Ohio,
CURTIS C. WILLIAMS, JR.,
1759 Union Commerce Building,
Cleveland 14, Ohio,
and
JAMES F. SEXTON,
543 E. 108th Street,
Cleveland 8, Ohio.

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Respondent.

REPLY BRIEF OF PETITIONER.

1. The so-called "two-court" rule has no application to the issues raised by this petition for certiorari. The respondent's statement that "the case involves concurrent findings of fact by two courts" is true only in the sense that it is always true in a case in which the decision of the District Court has been affirmed. Petitioner in no way seeks in this Court to overturn the facts found by the courts below. Such a purpose has been expressly disavowed. See page 2 of the petition. Petitioner seeks review only of the conclusions of law reached by the Courts below.

2. Respondent's brief, pages 14 through 16, expressly concedes that the decision below is in square conflict with the decision of the Court of Appeals for the Fifth Circuit on the issue of business expansion through infringement-tainted profits. This admitted conflict in and of itself provides sufficient ground for the granting of certiorari in the present case.

3. The response obscures the facts upon which petitioner was held barred by laches. As the petition sought to make clear, actual knowledge of infringement of the "diaphragm" and "method" patents was not denied. As

to the "spider" patent, however, petitioner had no actual knowledge of infringement prior to 1946. (Interrogatory No. 28; R. 88; 130.) The Court of Appeals held him barred by laches only by the imposition of a standard of constructive notice. In so holding, the Court created a square conflict of decision within the Circuits. Compare the cases cited in the petition for certiorari, pages 9 and 10. This conflict taken alone affords good cause why certiorari should be granted in this case.

4. Both the Trial Court (R. 220) and the Court of Appeals (R. 369) decided that only the statutory moratorium for those in the fighting forces could excuse delay. Litigation requiring the valuable time of civilians in defense industry may disrupt the Nation's war effort as effectively as litigation placing demands upon military personnel. The fact that petitioner was engaged in war industry in a civilian capacity is thus immaterial. Even Government suits were so postponed during that period, when their prosecution might have impeded the public interest.* The response presently seeks to distinguish rulings cited from other Circuits, on the ground that petitioner managed to write a few hasty letters during the years of hostilities. (R. 241-243.) Any comparison with protracted litigation is hardly worthy of comment. Petitioner's infrequent correspondence regarding patent infringements in no way gainsays his complete absorption in war-time duties. The decision of the Court of Appeals is in direct conflict with other Circuits on the issue of such civilian employment. Further reason is therefore presented for granting certiorari.

5. The response dismisses as dicta the statement of Judge Learned Hand in *Clair v. Kastar, Inc.*, 148 F. 2d 644, respecting the infringer's remedy of a declaratory judgment. Decision and *ratio decidendi* are not always easily

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* *Cf.*, correspondence between the President, the Attorney General and the Secretaries of War and Navy (March 20, 1942). *New York Times*, March 29, 1942, page one, column four.

separated. We respectfully submit, however, that close analysis of Judge Hand's opinion leads to the conclusion that the statement is a step in the train of decision, and that the case is, to that extent, at variance with the present decision.* The response insists here that the inventor was under the duty of investigating respondent's construction of radio devices,—that for this purpose he was under the duty of requesting permission to enter respondent's factory,—and that he was likewise under the duty of bringing suit before there had been any expansion out of infringement profits. Though respondent was warned by petitioner of the infringement of the diaphragm and method patents, it is respondent's argument that no sort of responsibility whatsoever is to be placed upon the infringer, apparently on the assumption that the inventor must have been "fully familiar with patent law." (See R. 329; R. 48-49 otherwise.) While the Court below appears to have agreed, Judge Learned Hand's view is to the contrary. The divergence of viewpoint should be resolved by this Court.

6. The response argues that the decision of the Court of Appeals is not in conflict with *McLean v. Fleming*, 96 U. S. 245, and *Menendez v. Holt*, 128 U. S. 514, allowing injunctive relief,—because the latter were trademark cases and not patent cases. The uniform interpretation of these rulings has been to the contrary. The Circuit Courts apply the doctrine of the *McLean* and *Menendez* cases to patent and trademark litigation alike.** With no estoppel

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* This Court has already had opportunity to evaluate Judge Hand's reasoning,—certiorari having been denied in the *Kastar* case, 326 U. S. 762 (1945).

** See, for example, *Taylor v. Sawyer Spindle Co.*, 75 Fed. 301, 304 (CCA 3, 1896); *Drum v. Turner*, 219 Fed. 188, 198 (CCA 8, 1914); *Wolf, Sayer & Heller, Inc. v. U. S. Slicing Mach. Co.*, 261 Fed. 195, 197 (CCA 7, 1919); *Rajah Auto Supply Co. v. Belvidere Screw & Mach. Co.*, 275 Fed. 761, 764 (CCA 7, 1921); *Apex Electrical Mfg. Co. v. Landers, Frary & Clark*, 21 F. Supp. 241, 245 (D. C. Conn., 1937), affirmed 100 F. 2d 1009 (CCA 2, 1938); and *Montgomery Ward & Co. v. Clair*, 123 F. 2d 878, 883 (CCA 8, 1941).

of any sort involved in the present instance, the reasoning of the Court of Appeals is in sharp conflict with these decisions. Certiorari should therefore be granted to correct this inconsistency below.

Petitioner therefore prays that this petition for certiorari be granted.

Respectfully submitted,

LUTHER DAY,
CURTIS C. WILLIAMS, JR.,
JAMES F. SEXTON.